CLEVELAND PUBLIC LIBRARY
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CORPORATION FILE

GRAY DRUG STORES, INC.

NOTICE OF ANNUAL MEETING

Including

PROXY STATEMENT

Notice is hereby given that the annual meeting of shareholders of Gray Drug Stores, Inc. will be held at the principal office of the Corporation, 2400 Superior Avenue, Cleveland, Ohio, on Tuesday, September 27, 1949, at 10 o'clock A.M., for the purpose of (a) fixing the number of and electing directors for the ensuing year, and (b) transacting such other business as may properly come before the meeting.

Shareholders of record at the close of business on September 12, 1949 are the only shareholders entitled to notice of and to vote at the meeting.

Please execute and return promptly the enclosed proxy whether or not you expect to attend the meeting.

Business to be Transacted

At the present time it is intended that proxies which contain no instructions to the contrary will be voted in favor of fixing the number of directors at six (6), and for the reelection of the following persons as directors of the Corporation for the ensuing year and until their successors are elected and qualified: E. E. Barker, C. W. Evans, Henry Gray, Frank E. Joseph, C. B. Merrill and Adolph Weinberger, who constitute the present board of directors of the Corporation.

Financial and other reports will be submitted to the meeting and minutes of previous meetings of shareholders and directors will be made available for inspection by shareholders present at the meeting, but it is not intended that any action will be taken in respect thereof. It is not anticipated that matters other than the fixing of the number of directors and election of directors will be brought before the meeting for action, but if any such other matters should be brought before the meeting it is intended that the persons appointed as proxies may vote or act thereon according to their judgment.

Information Relating to Directors and to Holdings of the Corporation's Securities

The following table sets forth the principal occupation or employment of each nominee for reelection as a director of the Corporation, the period during which he has served as a director, and based on information received from such nominees, the amount of securities of the Corporation which he owned beneficially as of August 8, 1949:

Name	Principal Occupation or Employment	Period of Service	Number of shares of Common Stock owned beneficially
E. E. Barker	Vice President of The Cleveland Trust Company (banking)	1947-1949	None
C. W. Evans	Vice President of the Corporation	1945-1949	944
Henry Gray	Vice President of the Corporation	1945-1949	1,473
Frank E. Joseph	Lawyer—Partner of Jones, Day, Cockley & Reavis	1948-1949	None
C. B. Merrill	President of Merrill, Turben & Co. (investment banking)	1945-1949	None
Adolph Weinberger	President and Treasurer of the Corporation	1928-1949	26,651(1)

(1) These holdings represent approximately 19% of the outstanding Common Stock of the Corporation. In addition, as of August 8, 1949, 5,693 shares were owned beneficially by Mr. Weinberger's wife, Mrs. Minnie Weinberger.

Remuneration of Directors and Officers

The following table sets forth the amounts paid or set aside by the Corporation for the fiscal year ended June 30, 1949 to or for the benefit of (1) Adolph Weinberger (the only officer or director whose aggregate remuneration exceeded $25,000) and (2) all directors and officers as a group:

	Salaries—Fees	Amount Paid into Employees' Pension Fund (1)
Adolph Weinberger, President and Treasurer	$30,000.00	$6,174.36
All directors and officers as a group	$98,691.47(2)	$11,937.31

(1) The amount of the annual benefit estimated to be payable to Adolph Weinberger under the Employees' Pension Fund Plan, based on continuance of the Plan and his present rate of compensation until normal retirement age (as defined), is $4,812.00.

(2) Including directors' fees, but excluding remuneration of $9,500.00 paid to the firm of Jones, Day, Cockley & Reavis, of which Frank E. Joseph is a member, for legal services rendered to the Corporation during the fiscal year ended June 30, 1949.

Voting Rights—Proxies

There are outstanding 138,850 shares of Common Stock entitled to be voted at the meeting.

Shareholders have cumulative voting rights in the election of directors, provided 24 hours notice in writing is given by any shareholder to the President or a Vice President or the Secretary of the Corporation that he desires that voting at such election be cumulative, and an announcement of the giving of such notice is made upon the convening of the meeting.

The enclosed proxy is being solicited by the management and the entire cost of such solicitation will be paid by the Corporation.

Your proxy will be voted if it is valid and you do not revoke it. Unless you provide otherwise in your proxy, you may revoke only by giving notice to the Corporation in writing or in open meeting. Such revocation will not affect any vote previously taken. A subsequent proxy will be deemed to constitute a revocation of any earlier proxy.

L. C. DOUGLASS, Secretary

Cleveland, Ohio
September 14, 1949.